

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6125

BILL NUMBER: HB 1116

NOTE PREPARED: Nov 3, 2003

BILL AMENDED:

SUBJECT: Historic Site Fees.

FIRST AUTHOR: Rep. Lytle

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

STATE IMPACT	FY 2004	FY 2005	FY 2006
State Revenues		283,069	283,069
State Expenditures		77,432	55,812
Net Increase (Decrease)		205,637	227,257

Summary of Legislation: This bill allows the Natural Resources Commission to establish admission fees for historic sites. The bill makes changes to the organization and duties of the Division of State Museums and Historic Sites and the Division's board of trustees. It establishes the Historic Site Fund and requires the fees to be deposited in the fund. This bill also provides that at least 51% of the fees collected from a particular historic site must be used for the educational programs at the historic site and for the maintenance and operation of the historic site. (The introduced version of this bill was prepared by the Natural Resources Study Committee.)

Effective Date: April 1, 2004.

Summary of Net State Impact: The resulting net state impact would be an increase in net revenue of \$205,637 for FY 2005 and \$227,257 for FY 2006, based on revenue from new admission fees and additional expenses from implementation.

Admission fees to state historic sites and related sales and rentals will generate approximately \$283,069 each

year. Assuming that all sites implement the provisions of the proposal in FY 2005, implementation expenses are estimated at \$77,432 for the first year and \$55,812 for the second year.

Explanation of State Expenditures: The Department of Natural Resources (DNR) provides administrative support to the Natural Resources Commission. The bill allows the Commission to set, collect, and review admission fees for historic sites. This provision will result in administrative expenses for the DNR. Each site that is currently not collecting a fee would experience a one-time operational cost of approximately \$2,505. Total statewide one-time costs would equal \$21,620. This figure includes setup costs for cash registers, credit card machines, phone lines, etc. Other ongoing costs are estimated at \$55,812. (See table below under *Explanation of State Revenues*.) However, the bill also establishes the Historic Site Fund to finance administrative costs incurred.

The bill also changes the organization and duties of the Division of State Museums and Historic Sites. Under current law, the Division consists of two sections: the section of museums and the section of historic sites. Currently, the division director may not serve as the head of a section of the division and an individual may not serve as the head of more than one section of the division. This proposal allows the division director to head a section of the division and allows an individual to head both divisions. This provision could change administrative expenses for the Department. The fiscal impact will depend on how the Department elects to implement the provision.

The proposal also allows the Division of State Museums and Historic Sites to do the following:

- (1) Make and execute contracts or other instruments that are necessary or convenient to exercise the division's duties and powers.
- (2) Employ or contract with a person to manage or operate any aspect of the state museum or historic sites.
- (3) Pay royalties, license fees, and charges for exhibits, artifacts, artwork, and other materials.
- (4) Own and enforce the division's copyrights, trademarks, and service marks.

The fiscal impact of these provisions is indeterminable but will depend on current practice and how the DNR elects to implement the provisions.

The bill also changes the composition of the board of trustees for the Division of State Museums and Historic Sites; however, the number of trustees remains at 13. A fiscal impact would result only if new members resulted in different reimbursements for mileage. However, this impact is not expected to be significant.

The bill also eliminates provisions that require the trustees to nominate, when the position of division director is vacant, a person to be appointed by the director to that position; to recommend the dismissal of a division director; and to make recommendations concerning the salary ranges of the administrative, professional, and technical staff of the division. It is anticipated that this provision would not result in a significant fiscal impact.

Explanation of State Revenues: This bill allows the Natural Resources Commission to set, collect, and review admission fees for historic sites. The Division of State Museums and Historic Sites could collect admission charges, fees, rent, and other user fees for the following:

- (1) The state museum and historic sites.
- (2) Restaurants and other facilities located at the state museum or historic sites.
- (3) Programs, lectures, classes, tours, and trips provided at the state museum or historic sites.

The Division may also sell merchandise and donate or exchange artifacts in the division's collection to or with a public or nonprofit museum or historical society.

Based on 2002 attendance figures and based on admission fees ranging from \$3 to \$6, and given the economy and the fact that fees may initially result in a 20% decline in attendance, the proposal may generate approximately \$283,000 annually.

School group fees have already been established by the Commission at \$1 per student. Seniors and children under 16 would be charged \$3. It is possible that an annual pass for \$24 might also be established. The proposal does not provide for a cap on fees. Consequently, the fees could change which would result in a change in revenue. Fees collected for admissions to historic sites and proceeds from sales and leases must be deposited in the Historic Sites Fund. At least 51% of the fees, or an estimated \$144,000, must be used for educational programs conducted at the historic site and for the maintenance and operation of the historic site. Revenue estimates for specific sites are listed below.

Estimated Revenue Generated by Admission Fees for Historic Sites			
Site	Operational Costs	Total Estimated Revenue	51% of Revenue Remaining at Site
Angel Mounds	\$14,223	\$52,794	\$26,925
Levi Coffin House (The site currently charges a fee.)	Operated by Levi Coffin House Association	\$9,950	\$5,075
Corydon Capitol	\$13,683	\$73,889	\$37,683
Culbertson Mansion	\$2,505/existing staff	\$15,713	\$8,014
Grissom Air Museum	Operated by Heritage Museum Foundation	\$292,371*	\$149,109
Lanier Mansion	\$13,683	\$23,139	\$11,800
Limberlost	Operated by Friends of Limberlost	\$13,633	\$6,953
New Harmony (already charges fees)	Operated by Historic New Harmony	\$91,090	\$46,456
Gene Straton Porter	\$2,505/existing staff	\$26,115	\$13,319
Ernie Pyle	\$2,505/existing staff	\$8,353	\$4,260
Pigeon Roost (not staffed)	\$0	\$0	\$0
T.C. Steele	\$2,505/existing staff	\$12,403	\$6,325
Vincennes	\$2,505/existing staff	\$50,999	\$26,009
Whitewater Canal	\$14,223	\$36,965	\$18,852
Totals	One-time equipment costs: \$21,620	\$283,069	\$144,365
	ongoing annual: \$55,812		
	Total: \$77,432		
Note: Attendance figures and consequently admission fee revenue will probably increase after the initial decrease that will probably result due to the establishment of a fee. Also, the actual date of implementation for the fees may vary. Some equipment costs are not specifically identified by site in this table. *From fees only. Already has gift shop, tours, etc.			

The bill establishes the Historic Site Fund to provide funding for educational programs and the operation of historic sites. The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Money in the fund at the end of a state fiscal year does not revert to the state General Fund. Money in the fund is annually appropriated to the Division.

An estimated \$50,000 of the fund that remains with the state will be used for marketing. The remaining amount will be used for general support for all sites, including legal support, human resources, etc.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Natural Resources Commission, the DNR's Division of State Museums and Historic Sites, and the Treasurer of State.

Local Agencies Affected:

Information Sources: DNR.

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